

# **South Asia Energy Sector Strategy and Operation**

South Asia Regional Department

**Energy Division**

(May 2010)

**ADB**

# Overview

## Overarching Goal: Poverty Reduction Strategy

Help our developing member countries (DMCs) reduce poverty and improve their living conditions and quality of life.

<Sector Context>

**Energy Policy**  
**Clean Energy and Environment Program**

<Regional Context>

**Country Partnership Strategy**  
**Bangladesh / Bhutan / India / Maldives / Nepal / Sri Lanka**

**SAEN's Strategy and Operations**

**ADB**

# Energy Policy (June 2009)

## **Objective:**

To help DMCs provide reliable, adequate and affordable energy for inclusive growth in a socially, economically and environmentally sustainable way

# Energy Policy

- Promoting energy efficiency and renewable energy
- Maximizing access to energy for all
- Promoting energy sector reform, capacity building and governance
- Promoting private sector participation

# Clean Energy & Environment Program

Clean Energy and Environment Program (CEEP) was launched in 2005 to expand ADB's investments in clean energy projects.

CEEP aims to:

- Lower GHG emissions
- Improve local air quality
- Reduce upward pressure of international fuel prices
- Diversify primary energy sources for energy security

# Asia Solar Energy Initiative

- In May 2010, the Asian Development Bank (ADB) announced an Asian solar energy initiative to generate some 3,000 megawatts of solar power over the next three years.
- The Asia Solar Energy Initiative (ASEI) aims to identify and develop large capacity solar projects that will catalyze some 3,000 MW of solar power by 2012. ADB plans to provide \$2.25 billion in finance to the initiative, which is expected to leverage an additional \$6.75 billion in solar power investments over the same period.

# Asia Solar Energy Initiative

- The ASEI will make available a range of projects, and finance and knowledge sharing mechanisms, so as to attract commercial banks and the private sector to invest in these projects.
- In addition to direct financing, ASEI will set a target of raising \$500 million from donor countries to "buy down" the high up-front capital costs of investing in solar energy, as well as design other innovative ways to attract private-sector investment.

# Asia Solar Energy Initiative

- ASEI will also establish and host the Solar Energy Forum, an international knowledge-sharing platform that will track solar development projects, discuss new solar power proposals and incentive mechanisms, and organize major conferences.
- The first conference of the Solar Energy Forum is scheduled for 5-6 July in Manila, Philippines. Promoting the availability and use of clean energy is one of ADB's highest priorities. Last year ADB provided nearly \$1.3 billion for projects with clean energy components, exceeding its \$1 billion target for the second year in a row.

# Major Goals of SAEN's Strategy

- Support Energy Sector Reform/ Restructuring
- Promote Energy Efficiency and Clean Energy Development
- Ensure Balanced Physical Infrastructure Development

# Support Energy Sector Reform/Restructuring

- **Financial Restructuring & Sustainability**
- **Efficiency improvement**
- **Transparency & Governance**
- **Capacity Development**
- **Private Sector Participation**
- **Unbundling & Corporatization**
- **Regulation**

## **2010 Lending Program**

- BAN: Natural Gas Access Improvement Program - \$310M
- IND: Bihar Power Sector Development Program - \$180M

# Promote Energy Efficiency and Clean Energy Development

- **Reduce Technical Losses**
- **Promote CDM and Carbon Trading**
- **Demand Side Management and Energy Conservation**
- **Develop Clean Energy Generation**

## **2010 Lending Program**

- IND: Himachal Pradesh Clean Power Development (Proj. 3) - \$208M
- IND: Uttarakhand Power Sector Investment (Proj. 4) - \$135M
- IND: Madhya Pradesh Power Sector Investment (Proj. – 6) - \$69M
- IND: Assam Power Sector Enhancement - \$90M
- BAN: Natural Gas Access Improvement Program - \$310M
- BHU: Rural Renewable Energy Development (Sub-proj. 1) - \$8.6M
- SRI: Sustainable Power Sector Support - \$90M

## **2011 Lending Program**

- IND: Himachal Pradesh Clean Power Development (Proj. 4) - \$150M
- IND: Uttarakhand Power Sector Investment (Proj. 5) - \$70.8M
- IND: Himachal Pradesh Clean Energy Evacuation - \$300M
- BAN: Energy Efficiency Improvement Project - \$220M
- BHU: Rural Renewable Energy Development (Sub-proj. 2) - \$15M
- NEP: Energy Access and Efficiency Improvement Project - \$30M

# Ensure Balanced Physical Infrastructure Development

- **Promote Rural Electrification**
- **Enable Private Sector Driven Development Through Public Private Partnership Approach**
- **Regional Cooperation / Integration**

## **2010 Lending Program**

- SRI: Sustainable Power Sector Support - \$90M
- BHU: Rural Renewable Energy Development (Sub-proj. 1) - \$8.6M
- IND: Madya Pradesh Power Sector Investment (Proj. 6) - \$69M

## **2011 Lending Program**

- BHU: Rural Renewable Energy Development (Sub-proj. 2) - \$15M
- NEP: Energy Access and Efficiency Improvement Project - \$30M

## **Regional**

- REG: Proposed BAN-IND Electric Grid Interconnection Project
- REG: Study on South Asia Regional Power Exchange
- REG: Sub-regional Energy Trade among SASEC Countries

# Non-Lending Program

## Proposed 2010 Technical Assistance

### ➤ Project Preparatory

- BAN: Sustainable Clean Fuel Sector Development Program - \$0.5M
- IND: Himachal Pradesh Clean Energy Evacuation - \$0.5M
- IND: Renovation and Modernization Project - \$0.4M
- IND: TA Cluster: Advanced Project Preparedness for Poverty Reduction - Uttarakhand Energy Efficiency - \$0.8M
- NEP: Energy Access and Efficiency Improvement - \$0.6M
- NEP: Hydropower Development - \$2M

### ➤ Policy and Advisory, Capacity Development

- IND: Bihar Power Sector Capacity Development/Implementation Support - \$0.3M
- NEP: Capacity Building for Energy Institutions - \$0.6M

### ➤ Regional

- REG: Study on South Asia Regional Power Exchange - \$0.75M

# Non-Lending Program

## Proposed 2011 Technical Assistance

### ➤ Project Preparatory

- IND: Assam Power Sector Development - \$0.4M
- IND: Madhya Pradesh Energy Efficiency - \$0.4M
- MLD: Power Development - \$0.5M
- MLD: Islands Electrification (Phase II) - \$0.5M
- NEP: Rural Electrification and Renewable Energy II - \$0.5M
- SRI: Power Sector Development - \$1M

### ➤ Regional

- REG: Sub-regional Energy Trade among SASEC Countries - \$0.9M

**Thank You**

**ADB**